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TENNCARE BHOs AGREE TO HEIGHTENED STATE SUPERVISION

Tennessee Commissioner of Commerce and Insurance Paula A. Flowers has reached a new agreement with TennCare's two Behavioral Health Organizations, or BHOs, that will enhance the department's oversight of the companies as they regain financial stability.

Premier Behavioral Health Systems of Tennessee, LLC, and Tennessee Behavioral Health Inc. have both been under the administrative supervision of the department because of concerns about the firms' financial stability. Tuesday's agreement, negotiated by the Commissioner and the two firms, enhances Commissioner Flowers' supervision over the operations and expenditures of both companies.

"This gives us a much greater degree of confidence that mental health services will continue to be delivered," said Virginia Trotter Betts, Tennessee's Commissioner of Mental Health and Developmental Disabilities, whose staff worked with DCI staff to secure the agreement. "What this really does is assure our mental health providers that the flow of TennCare money from the BHOs will be uninterrupted and will be appropriately monitored."

Commissioner Flowers stated: "This supervision agreement will allow the department additional oversight of the BHOs to assure that mental health services will be provided to the TennCare population and that providers of mental health services will be paid in a timely fashion."

TBH is entirely owned by Magellan Health Services, Inc. Premier is a partnership of Magellan and HCA Corp. Both BHOs' operations are run by AdvoCare Inc., which is owned by Magellan. Magellan reported a consolidated net loss of \$729.1 million for the fiscal year ended Sept. 30, 2002 and is working to re-structure its debt.

The agreements are posted on TDCI's website, www.state.tn.us/commerce.